PROCLAMATION NO.  
A PROCLAMATION TO ESTABLISH  
FOREST FUND

WHEREAS the government investment in forest sector so far is low and the private sector and community investments are insignificant; and system of the lack of bank loans that adress the nature of the forest investmen;

WHEREAS accessible, sustainable and continuous finance resource supply is important in assuring sustainable forest development, protection and utilization. It is necessary to establish a centralized forest fund to collect and manage financial resources from forest ecosystem services and forest product;

NOW THEREFORE, in accordance with Article 55 (1) of the constitution Federal Democratic Republic of Ethiopia is hereby proclaimed as follows:-
proclamation No. ______

Part one

General

I. Short Title

This proclamation may be cited as Fforest Fund establishment proclamation no____.

II. Definition

Unless the context dectates otherwise, in this proclamation:-

1. “Forest” means trees of a minimum area of 0.5 hectare having more than 2 meter maturity height and minimum canopy coverage of 20 percent.

2. “Forest Fund” means any form of fund collected, from forest ecosystem services, domestic and and foreign financial sources for promoting sustainable forest development, protection and utilization.

3. “Board” shall mean the Fforest Fund Board established in this proclamation in article 13.

4. “Office” shall mean the Forest Fund Office established in the proclamation in article 12.

5. “Office of the management” shall mean the Forest Fund Management Office established in this proclamation in article 17.

6. “Forest ecosystem” means ecosystem services obtained from the forest.

7. “Long term loan” means loan provided for a period of not exceeding 35 years.

8. “Revolving Fund” means the fund collected from borrowers and loaned to borrowers by the Office.

9. “Beneficiaries” means any forest developer who is benefited from the forest fund loan.

10. “Forest Developer” means any person who engaged in forest development, conservation and utilization.

11. “Ministry or Minister” means the ministry of Environment, Forest and Climate change and Minister respectively.

12. “Person” means any natural or juridical person.

13. “Gender” in this proclamation gender expressed in male also used for female and vice versa.
proclamation No. ______

III. **Scope of application**

The scope of application of this proclamation shall be limited to the beneficiaries who engaged in sustainable forest development, conservation and utilization.

**Part two**

**Establishing forest fund**

IV. **Establishment**

1. The forest fund hereinafter ‘the fund’ has established by this law.
2. The fund will be the permanent source of finance for implementing the objectives of the fund.

V. **Head office**

The Fund shall have its Head Office in Addis Ababa and may have regional branch offices as may be necessary.

VI. **Objectives**

1. To establish a financial institution that serves and supports forest developers engage in sustainable forest development, conservation and utilization.
2. To provide financial loan services to forest developers engage in sustainable forest development, conservation and utilization.
3. To grant, for the realization of the objectives stated in Sub-Articles (1) and (2) of this Article, long term loans on the basis of the principle of cost recovery.

VII. **Source of the fund Revenues**

1. The fund shall be collected from the following sources:-

   A. Financial aids, loans and supports from domestic and foreign development partners and climate finance as well as from Government allocated budget.
   B. Revenue from International carbon trade
   C. Forest carbon sequestration service tax on carbon emission.
   D. Revenue from the forest ecosystem service

2. The fund revenue collected shall be free of any taxes.
Part Three

Fund Administration

VIII. Collection of Revenue

1) Duty and responsibility the Forest Fund Office
The office shall collect revenue from the forest fund resources of:-
A. The rate of revenue to be collected under article 6/1/ of this proclamation shall be determined by the council of ministers.
B. Financial aids, loans and supports from domestic and foreign development partners and climate finance as well as from Government allocated budget.
C. Save the fund revenue collected in the fund bank account issued by Ministry of Finance and Economic Corporation.
D. Follow up the timely collection and deposit of accrued revenues of the Fund.

2) Duty and responsibility of Ministry of Finance and Economic Corporation.
For the collection of the fund revenue the Ministry of Finance and Economic cooperation shall:
A. Approve the fund bank account issued by the Office.
B. Evaluate the annual revenues of the fund by the General Auditor or auditor assigned by the minister.

IX. Loan service system

1. National Bank Duties and Responsibility
Determination and approval of the loan interest rates:-
A. According to the proclamation no. 591/2000 Article 5(4) the bank will determine the interest rate of the fund loans.
B. The interest rates of the loans signed between lender or donors institutions and the government shall be approved by the bank.
2. ያሇ ረስ እስከት ላን ሚስር ያለበት

A. እንደ የመካከሱ የከተማ መሰረት መብት ላን ሚስር ያቀረቡ መስማማ እንጂ መስማማ እንጂ መስማማ ላን ሚስር መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማمحا፣

B. እንደ የመካከሱ የከተማ መሰረት መብት ላን ሚስር ያቀረቡ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማማ እንጂ መስማمحا፣

3. ያሇ ረስ እስከት ሚስር ያለበት

A. በወቅቱ ረስ ያስክ አስፈር ላን ሚስር ያቀረቡ መስማمحا፣

B. በወቅቱ ረስ ያስክ አስፈር ላን ሚስር ያቀረቡ መስማمحا፣

C. በወቅቱ ረስ ያስክ አስፈር ላን ሚስር ያቀረቡ መስማمحا፣

3) ከዳንስ ከት የማስተካከል ሚስር

A. ከዳንስ ከት የማስተካከል ሚስር ያቀረቡ መስማمحا፣

B. ከዳንስ ከት የማስተካከል ሚስር ያቀረቡ መስማمحا፣

C. ከዳንስ ከት የማስተካከል ሚስር ያቀረቡ መስማمحا፣

X. Payments collected from the Loan Beneficiaries

Based on the revolving fund system the bank:-

1. Make timely collection of repayment of loans and interests as well as all money to be collected from source mentioned under Article 6 of this Proclamation and deposit the same in the account of the Fund as a revolving fund for similar purpose of lending service to borrowers

2. Follow and collect payments on timely bases from the fund loan beneficiaries based on the agreement

3. The payments collected from the fund loan beneficiary shall be reused for the fund loan service.

4. The bank shall report the payments collected from the fund loan beneficiaries to the Ministry of Finance and Economic Cooperation and Fund Office.

5. Collect revenue from the legal sources of the fund and from the reimbursable loan browsers including the interest on timely bases
XI. **Criteria for being eligible to be beneficiary of the fund.**

To be beneficiary of the fund:

1. Legally registered and licensed Forest developer.
2. Notwithstanding to the Sub-Article (1) of this Article, the detail criteria’s shall be determined by a directive.

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**Part Four**

**Forest fund Office**

XII. **Organogram**

The fund office will have the following structure and accountability:

1. The Office shall have:
   a. A Forest Fund board;
   b. Head of the Office which is nomination by the Board and appointed by the Minister and
   c. Required employee

2. The office shall be accountable to the board

3. The board shall be accountable to the minister

XIII. **The board**

1. **Members of the board**

The board will have the following duties and responsibilities:

1. The minister shall determine the number and composition of the board members.
2. The chairman of the board shall be designated by the minister
3. The term of office for any member of the board shall be two years; provided that she may be reassigned for additional term of office by the organ which nominated her.
4. Any organ which has assigned a member of the board may; at any time and for reason, recall and replace him by another.
5. In the case of reduction in the number of members of the board due to death or resignation of members or due to any other reasons. The vacant post shall be filled within three months
2. Power and duties of the board

The board shall have the power and duties to:-

1) Administer the fund
2) Follow up and ensure the proper implementation of decisions and directives of the Board;
3) Issue directives to define collection and disbursement procedures of the fund
4) Timely checkup of the fund revenues collected and the allocated once to the fund account on timely bases.
5) Review, before approval, the annual plans of the forest developers and the executive sectors. Advice the integration and cohesiveness of the work plans with the fund.
6) Submit to the Minister yearly proposals regarding works to be financed by the fund; and, upon approval, allocate the Fund on the basis of the programs.
7) Ensure transparency and accountability in the disbursement of the Fund
8) Initiate financial and technical audit on the fund reports and ensure that the necessary actions are taken according to the recommendations thereof.
9) Pursuant to the article IX of this proclamation, the board shall set down criteria for eligible beneficiary of the fund.
10) Review the annual work program and budget of the office and submit to the government for approval
11) Recommend the Fund sources of finance tariffs and standards to the Minister.
12) Seek ways and means for the growth of the Fund
13) Maintain the accounts and records of the Fund
14) Advice the Minister on policy issues related to the Fund
15) Establish advisory committees when it finds it necessary, and supervise and coordinate their activities
16) Recommend the Head of the Office appointee to the Minister
3. Board Meetings

A. The board shall hold its regular meetings once every three months; provided however, that extraordinary meetings of the Board may be held at any time when called by the chairman.

B. The presence of the majority of the members at any meeting of the Board shall constitute a quorum.

C. Any decision of the Board shall be passed by a majority of the votes of members present at a meeting; in case of a tie, the chairman shall have a casting vote.

D. The Board may without prejudice to the provisions of this Article, adopt its own rules of procedures.

4. Meetings of the board

A. The board shall held its regular meetings once every three months; provided however, that extraordinary meetings of the Board may be held at any time when called by the chairman.

B. The presence of the majority of the members at any meeting of the Board shall constitute a quorum.

C. Any decision of the Board shall be passed by a majority of the votes of members present at a meeting; in case of a tie, the chairman shall have a casting vote.

D. The Board may without prejudice to the provisions of this Article, adopt its own rules of procedures.

XIV. Power and Duties of the Management Office

The Office shall have the powers and duties to:-

1. The Manager shall, subjected to the general directives of the Board, plan as well as direct and administer the activities of the Office.

2. Follow up and ensure the proper implementation of decisions and directives of the Board;

3. Based on the board approved criteria of eligibility for a loan, it shall evaluate and pay to the borrowers of the year.

4. Without limiting the generality of sub-Article (1) of this Article, the Manager shall:
   a. Exercise the powers and duties of the Office specified under Article 17 of this proclamation
   b. Employ and administer the employees of the Office in accordance with directives to be issued by the Board following the basic principles of the federal civil service laws;
   c. Prepare and submit to the Board the annual budget and work program of the office; implement same upon approval;
   d. Effect expenditure in accordance with the approved budget and work program of the office
   e. Represent the office in all its dealings with third parties;
   f. Prepare and submit to the Board, annually and whenever required, activity reports of the Office;
   g. Perform such other duties as may be given to him by the Board.

5. The Manager may delegate part of his/her powers and duties to the employees of the Office to the extent necessary for the efficient performance of the activities of the Office.

6. Prepare and submit to the Board annual financial reports of the Fund

7. In case of delegation to an official to act on behalf of the Manager, for more than thirty (30) days, prior approval by the Board is required.

8. Initiate public relation actions and regular publications on the revenues and utilization of the Fund, importance of forest development protection and utilization in social economic and environmental and disseminate the publications thereof.
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Part five

**Miscellaneous provisions**

XV. **Budget**
1. The budget of the Office shall be allocated by the Government.
2. The Fiscal year of the Fund shall commence on the 1\textsuperscript{st} of Hamle and shall end on the 30\textsuperscript{th} of Sene

XVI. **Books of accounting**
1. The office shall keep accurate and complete books of account with supporting documents.
2. The book of accounts and other financial documents of the office shall be audited annually by the Auditor General or by the person designated by him. The result of the Audit report shall be presented to the Board within six months following the end the fiscal year.

XVII. **Auditing**
1. Without prejudice to the powers conferred by law to the Auditor general, the accounts of the Fund shall be audited annually by external auditors designate by the Board.
2. The auditing shall be carried out in accordance with internationally accepted auditing principles and procedures, and the audit reports shall be submitted to the Board and the Ministry of Finance for their comments.

XVIII. **Duties to cooperate**
Every responsible person has an obligation to cooperate in implementing this proclamation.

XIX. **Power to issue Regulations and Directives**
1. The Council of Ministers may issue regulations necessary for the proper implementation of this Proclamation.
2. The Authority may issue directives containing rules and standards necessary for the proper implementation this Proclamation.
XX. **Inapplicable Laws**

No law shall, in so far it is inconsistent with this proclamation, have force of effect in respect of matters provided for by this proclamation.

XXI. **Effective Date**

This Proclamation shall enter into force upon the date of publication in the Federal Negarit Gazette.

Done at Addis Ababa, this ___th day of ____, _____.

Inapplicable Laws

No law shall, in so far it is inconsistent with this proclamation, have force of effect in respect of matters provided for by this proclamation.

Effective Date

This Proclamation shall enter into force upon the date of publication in the Federal Negarit Gazette.

Done at Addis Ababa, this ___th day of ____, _____.

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